

November 16, 2010 -- Special Meeting & Public Hearing  
Florida Production Engineering (Former Moll Building, Seagrove)

The Randolph County Board of Commissioners met in special session at 5:00 p.m. in the Commissioner's Meeting Room. Commissioners Holmes, Frye, Kemp, Lanier and Haywood were present, as well as County Manager Richard Wells; Finance Officer Will Massie; County Attorney Darren Allen; Cheryl Ivey, Clerk to the Board; Amanda Varner, Deputy Clerk to the Board; and Bonnie Renfro and Harry Lane from Randolph County Economic Development Association.

At 5:00 p.m., Chairman Holmes opened the public hearing.

**Bonnie Renfro** presented information about an economic development project that is considering a new location in Randolph County. The company is FPE (Florida Production Engineering) NC LLC, a wholly-owned subsidiary of Ernie Green Industries. Ernie Green Industries is a private company headquartered in Beaver Creek, Ohio and founded in 1981. FPE was established in 1987 and operates six sites in North America, with plants in Florida, Ohio and Ontario, Canada. They are a full service contract manufacturing company with competencies in injection molding, finishing, metal stamping and printing, and technical services. Their products are in transportation, energy, medical and industrial product sectors. They have been recognized as a quality supplier by Honda and EGI is a registered minority supplier in Florida, Ohio and Michigan.

Ms. Renfro said that FPE is considering a new operation near Seagrove in the former Moll Industries facility located on 220 Business South. Moll Industries announced on August 13, 2010 that they would close their Seagrove operation and lay off 109 employees by October 1. Moll subsequently informed the EDC that in a bankruptcy court action, the machinery, equipment and systems of the operation were being sold to a liquidator for auction.

This operation has been in our community for more than 25 years under various owners, starting as locally owned Mid-State Plastics, which employed more than 300 workers in the past. After visiting the Seagrove operation, FPE officials began discussions with Moll and with the State of North Carolina and Randolph County about the potential to establish a new operation. Despite the loss of major customers and contracts during the bankruptcy, FPE officials said that they could see future potential at the Seagrove location. First, FPE stated that they were very impressed with the talent of the local workforce. Second, FPE contacted remaining Moll customers to see if they could retain their business at this location. They learned that the buildings in Seagrove will no longer be operable if all systems, equipment and interior infrastructure are stripped for sale in the liquidation. Although FPE could decide to purchase and relocate equipment to one of their existing plants, they see strong potential and value in the Seagrove operation and its people. The project, if it moves forward, would start with a diminished group of customers, and FPE would actively work to grow the business in the early years.

FPE has requested consideration of economic incentives from Randolph County and North Carolina to offset costs during the initial years of the new operation. If approved, the opportunity would create 96 jobs within three years, paying an average annual wage of \$30,975. The

company provides health care benefits to its employees. It is highly likely that the majority of the hires would be those who have worked so faithfully at the plant for many years. FPE would create 49 jobs in the first two years and 47 jobs in year three.

FPE would invest \$2.8 million to acquire existing machinery, equipment, and infrastructure from the liquidator and would lease Building 3 with an option to purchase all of the real estate. The company would make various building improvements totaling \$750,000 over the three-year period. The company has stated that economic incentives are key to the decision to move forward with the project.

Ms. Renfro asked the Board to consider the following:

1. That Randolph County authorize all appropriate resolutions and document preparation to enter into an economic development incentives contract with FPE NC LLC, a wholly-owned subsidiary of Ernie Green Industries, as permitted by North Carolina General Statute Section 158-7.1
2. The County of Randolph provide to FPE NC LLC, a total of \$80,000 to assist the company with costs associated with the expansion project.
3. The funding will be paid in no less than three annual installments contingent on the company meeting job creation and investment performance requirements. Those requirements would be formalized in an economic incentives agreement.
4. The company would agree to remain in operation in Randolph County for a period of time (to be specified in the contract) following the date of the final installment of the incentive payment. If the company does not remain in full operation, a portion of the incentive money must be returned to the City and County.

**Dale Lambert**, Executive Vice President of Randolph Electric Membership Cooperative, spoke in support of this project. He said that many REMC members worked at the Moll plant. Also, Moll was REMC's largest consumer of energy.

**Kim Markham**, Owner of Asheboro Recycling, said that as a small business owner, he was excited about the project and encouraged FPE to use local resources.

**Larry Judy**, President and CEO of Ernie Green Industries, spoke in support of the incentives request. He said that FPE has operations in Florida, Ohio and Canada and that Randolph County would be a nice mid-state facility. Mr. Judy said that start-up could begin within twelve months, depending on confirmation of incentives from the State and County and product development. He said that FPE looks forward to opportunities to support local businesses. He said that the liquidation auction is set for December 2 and that they hoped to be able to acquire some of the Moll equipment for a clean room operation.

**Leslie Embler** spoke in support of this project, saying that she had worked at this plant for twenty years, the last five of which were for Moll. She encouraged the Commissioners to approve the project so that the former employees of Moll would have an opportunity for employment.

**Laura Wilson**, Randolph County Economic Development Corporation Chairperson, spoke in support of this project and said that the company fits the EDC's strategic model.

Hearing no further comments, Chairman Holmes closed the public hearing.

**Adoption of Resolution Approving Incentive Request**

*On motion of Haywood, seconded by Frye, the Board voted unanimously to adopt resolution to enter into a performance-based economic incentives contract with FPE NC LLC, a wholly-owned subsidiary of Ernie Green Industries, as follows, and instructed the County Manager to send a letter to Keith Crisco, Department of Commerce Secretary, requesting approval of State incentives for this project:*

**RESOLUTION AUTHORIZING THE COUNTY OF RANDOLPH TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT**

**WHEREAS**, Section 158-7.1 of the North Carolina General Statutes authorizes a county to undertake an economic development project by extending assistance to a company in order to cause the company to locate or expand its operations within the county; and

**WHEREAS**, the Board of Commissioners of Randolph County has held a public hearing to consider whether to participate in an economic development project that will result in the County of Randolph (the "County") and FPE NC LLC, a wholly owned subsidiary of Ernie Green Industries, Inc. (the "Company") approving an economic development incentives package whereby the County contributes up to eighty thousand dollars (\$80,000.00) to or for the benefit of the Company to offset the expense of facility upgrades and personal property expenditures involved with the Company locating in the former Moll Industries Facility on US Highway 220 South just north of Seagrove in Randolph County, North Carolina, said incentives to be granted pursuant to an economic development incentives contract entered into pursuant to Section 2 of this resolution; and

**WHEREAS**, upon the completion by the Company of this expansion project, the Company will have generated new value/investment associated with the project in an amount equal to or in excess of two million eight hundred thousand dollars (\$2,800,000.00) and created a minimum of ninety-six (96) new full-time jobs in the County; and

**WHEREAS**, this economic development project will stimulate and stabilize the local economy, promote business in the County and result in the creation of a significant number of jobs in the County; and

**WHEREAS**, the County has in its General Fund available revenues sufficient to fund this economic development project;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of Randolph County, this 16<sup>th</sup> day of November, 2010, as follows:

**Section 1.** The County is authorized to expend up to eighty thousand dollars (\$80,000.00) of County funds for this economic development project.

**Section 2.** In addition to the standard terms found in contracts that the County routinely executes in the ordinary course of business, the economic development incentives contract entered into by and between the County and the Company must contain the following essential terms and conditions:

- a. The total payment made to the Company under this contract shall not exceed eighty thousand and no/100 dollars (\$80,000.00).
- b. The contract amount will be paid in three (3) installments at a frequency not to exceed one installment per fiscal year (July 1-June 30). The obligation of the County to make any installment payment specified herein shall be conditioned upon the satisfactory completion by

*the Company of certain performance requirements to be set out in detail in the economic development incentives contract but shall include, at a minimum, the following:*

- i. The Company must deliver to the County written certification that the Company has invested a sum equal to or in excess of two million eight hundred thousand dollars (\$2,800,000.00) in upgrading and equipping the former Moll Industries facility located on US Highway 220 South just north of the Town of Seagrove in Randolph County, North Carolina; and*
- ii. The Company must provide to the County Employment Security Reports evidencing the creation of ninety-six (96) new full-time jobs.*
- c. The contract must provide the County with a means of recouping a portion of the contract amount if the Company fails to maintain its level of operations in the County at the same level that existed at the time of the third and final installment payment for a period of five (5) years immediately following the date on which the said final installment of the contract amount is paid to the Company.*
- d. If the Company does not remain in full operation during this five (5) year period, a portion of the incentive money must be returned. The amount to be returned shall decrease on a pro-rated amount for each year of this period that the company remains in the County. Any amounts returned by the company in this manner shall be divided equally between the County.*

**Section 3.** *The Associate County Attorney is hereby authorized to negotiate and draft a comprehensive economic development incentives contract with the Company consistent with this resolution and previous economic development contracts concerning the Company. Said contract shall be presented to the governing board of the County for final approval.*

### **City of Asheboro Approval of Incentive Request**

The City of Asheboro also voted unanimously to approve the incentive request.

### **Adjournment**

*At 5:25 p.m., on motion of Frye, seconded by Lanier, the Board voted unanimously to adjourn.*

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*J. Harold Holmes, Chairman*

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*Darrell L. Frye*

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*Phil Kemp*

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*Arnold Lanier*

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*Stan Haywood*

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*Cheryl A. Ivey, Clerk to the Board*